

Honolulu Star-Bulletin

RILEY H. ALLEN

EDITOR

TUESDAY MARCH 11, 1913

If there be any grief in heaven, sure it will be for this that we have done no more good for God on earth.—John Mason.

HAWAII UNITING TO PROTECT HER WELFARE

Hawaii's sugar industry, Hawaii's prosperity, Hawaii's homes and the livelihood of 200,000 people are imperilled by the attack on the sugar tariff, and Hawaii must fight for that tariff.

It is not a question of huge profits, not a question of high prices of sugar to the consumer. The sugar industry of this territory will fall if the tariff falls—and there will be no reduction in the price of refined sugar. The sugar trust, taking its toll as the raw sugar passes through its hands on the way to the consumer, will get the benefit.

These are self-evident facts to the people of Hawaii, for the people of Hawaii know the conditions from first-hand observation. But they are not self-evident facts to the people of the mainland, not unanswerable arguments — by themselves — to the congress that is now preparing to revise the general tariff schedules.

The Star-Bulletin has urged for many weeks that the businessmen of the islands unite in a systematic campaign to bring before congress the truth and the whole truth concerning Hawaii's absolute dependence on the sugar duties. Only by such a campaign can congressmen get an intelligent grasp on the subject. Only by such a campaign can the clouds of misstatement, of false statement and understatement, created by those who will benefit hugely by the removal of the tariff, be driven away from the minds of the representatives and senators.

Former Gov. George R. Carter hit the nail squarely on the head when he said to the directors of the Merchants' Association yesterday afternoon:

"I can go to Washington and talk my arm off and cannot make as much impression as some personal friend of a senator whom he has confidence in could make with a letter. Find the channel which will be most effective to reach these men."

This is no time for apathy, for over-confidence in the existence of an invisible power to safeguard Hawaii, for no such power exists. The safeguard for Hawaii now is the energy, the aggressiveness, the intelligence of her people in declaring for the protection of their homes, their business and their future welfare.

It must be realized at the outset that this fight is to be waged and won on facts. Hawaii must place before congress the facts on raw sugar production,—the facts, as touched upon by Mr. Carter yesterday, that sugar has been the only commodity in general use whose price has dropped instead of rising for the last twenty years. The relations of the sugar trust and the tariff attack must be made plain.

And how to do it? Primarily, this is a fight of individuals, organized into a campaign for their individual homes and individual businesses, every one of which will suffer from a slash in the sugar schedule.

And every individual here should consider himself a committee of one to write to a congressman—friend on the mainland, to a business associate, to a client or a personal friend, setting forth the facts.

It is a fight to be waged not by lobbyists in secret but by citizens fighting in the open for their intimate prosperity. And for this reason former Governor Carter is the man of the hour for Hawaii. Those who know Carter know that when he goes to Washington it will be not as a representative of planters, merchants or any particular business interests, but as a representative of the people of Hawaii, and in their name he will make his fight. And he will make it shrewdly and well.

The people of Hawaii have been asking for action for many months. The large business interests were slow to respond. It has now come to the point where the seriousness of the situation is generally understood and the people themselves are going to the front.

And how about the Democrats? This is a Democratic national administration. It is a "Bourbon year." The Democrats in Hawaii are coming to strength.

What are the Democrats of Hawaii going to do for the protection of Hawaii? In the national congress there are sitting Democrats from every part of the country. Certainly the organization and prominent members of the party here cannot do less than come to the front also for the industry that makes this territory possible

and prosperous. The fight is to be won or lost according to the degree of unity and determination put into it. That's the situation in a sentence.

MAGUIRE NOT THE ONLY ONE TO BLAME

Maguire's story apparently is the old story of the trusted official who cannot resist the temptation of a loose system of handling public funds.

Banks and business houses recognize the importance of safeguarding their officials by building up a system of checks that is hard to take advantage of. The weakness of human nature, the strain of long temptation put before the eyes of a man on a small salary, have opened many tills and forced many safes.

The government that permits temptation to be kept before its employees is largely responsible for the wrong that results, for the crookedness that results. It is imperative that the present faulty system of county auditing be swept away and an up-to-date system established that removes men in fiduciary positions as far as possible from the lure of glittering gold within reach of their fingers.

THE WAY TO REFORM

Serious consideration is deserved for the recommendations submitted to the senate hold-over committee by the Audit Company of Hawaii as a result of its investigations into the financial juggling of Hawaii county. This report, it will be noted, sets forth clearly, concisely and emphatically some much-needed changes in county administration dealing with the auditor's office, the treasurer's office and other offices and functions.

The Audit Company made an impartial and authoritative examination and its report is impartial and authoritative. One of the most important changes recommended is either that the governor appoint the county auditors or that there be created a general auditing bureau or department of accounts to audit the accounts of all county and territorial offices. This is just exactly what the Star-Bulletin has consistently urged and in this recommendation, as in others, the Audit Company coincides with the findings of H. Gooding Field. As a matter of fact, no other conclusion could be reached but that Hawaii ought to fall in line with progressive mainland communities and establish an accounts bureau apart from its auditor's office,—and after the Audit Company's report we imagine that the territorial auditor will not insist that the accounts department be made a part of his office.

The Audit Company has reached conclusions and set forth recommendations that common-sense and good judgment demand and have demanded for months. We look to the senate hold-over committee to initiate the necessary legislation, to the houses to carry out this legislation. We have the scandal and the way to reform is pointed out. Public policy is too plain to be disregarded.

The Democratic territorial central committee made a serious mistake in indorsing C. D. Pringle for collector of internal revenue. Pringle's record does not justify an indorsement for anything. Such an action as this is bound to react on the Democrats of Hawaii in no uncertain way.

Attorney James L. Coke has received about as universal an indorsement from his fellow-members of the bar as it is possible to get. It seems a certainty that he will be named U. S. district attorney, and he ought to fill that position with credit to himself and his party.

Mr. Businessman, your business prosperity depends on the sugar tariff. Remember that when writing to mainland firms that correspondingly depend on your business!

Those wishing to take a trip abroad this season are asked to apply early to W. Wilson, White House. Diplomatic posts are going fast.

The Wilsonian policy is not to bust the trusts, but to trust the trusts.

The first round in the governorship battle gives Link a shade.

Dr. Friedmann has a convincing way with him.

Many are Democrats, but few are chosen.

AUDIT REPORT

(Continued from Page 1.)

and the county's disbursing officer, the treasurer being the depository of the county funds. There is nothing, except the honesty of the men in charge, to prevent a similar condition of affairs as found by us on Hawaii, existing in the offices of the territory and also of the other counties.

There is no procedure outlined in, or required by, any statute dealing with county administration, as far as we can see, which prevents the issuance and payment of warrants (legally drawn by the auditor provided these warrants are within the limits of an appropriation and the name of such appropriation is endorsed thereon.)

We therefore recommend:

County Officials
1. That the treasurer receive all county funds and disburse the same according to the instructions of the board of supervisors.

If this recommendation be adopted the auditor will, of course, be relieved of his present duty of issuing warrants.

2. That all the county books and records be kept in the treasurer's office, and that he be given sufficient clerical assistance to enable him to keep all such records in a systematic manner.

3. That a copy of the minutes of the board of supervisors be given to the treasurer and that he attend all meetings of the finance committee in an advisory capacity.

4. That a clerk be appointed whose duties shall be as detailed in Appendix No. 1.

5. That the auditor's duties shall be confined to auditing the books and accounts of all the departments, courts, etc., under the control of the county, and reporting to the board of supervisors once each quarter whether or not he has found:

- (1) The cash on hand or in bank correct.
- (2) Receipts on file for all payments.
- (3) That the funds have been disbursed in accordance with the instructions of the board of supervisors.
- (4) The books properly balanced.
- (5) The records well and systematically kept.

On account of the great importance attaching to the office of auditor, we recommend that the auditors for the various counties be appointed by the governor or that a general auditing bureau be created.

Appropriations
Notwithstanding the fact that appropriations are made each quarter by the board of supervisors for each department or district "Deficiency Appropriations" have apparently been necessary to cover amounts expended in excess of these quarterly appropriations. To incur liability on behalf of the county in excess of an appropriation is a violation of Section 1, Act 72, Session Laws 1911.

We would therefore recommend:
(1) That where any person has incurred liabilities on behalf of the county in excess of any appropriation, thereby violating the above cited act, the law should be enforced.

Registration of Warrants.
We recommend that the registering of warrants, except in the case of the general fund, be prohibited, and that no transfers from the general fund to any other fund be permitted, until all the registered warrants of the general fund have been paid off.

Supervisors Contracting with Themselves.
We found instances where considerable sums of money had been paid by the county to some of its officials for work done by them for the county outside of their official duties.

This is a very undesirable practice and should not be permitted.

As pointed out in the first part of our report, the methods presently in use for the payment of the road laborers are not satisfactory.

We would therefore recommend:
1. That a statement be appended to the foot of the pay roll stating (1) that the above services had been faithfully performed, (2) that the amount entered as due to each laborer is correct, and (3) that the signatures of the laborers on that pay roll are genuine. These statements should then be sworn to by the road overseer before the district magistrate prior to the pay rolls being lodged with the county clerk for payment.

2. That the road committee of the board of supervisors fix and advertise the rates of pay for the persons employed on the county roads in each district and furnished the treasurer with a copy of the rates so fixed.

Road Work.
There are at present no reliable records regarding the road work done and as a very large proportion of the county funds are expended on the various roads, we recommend that the county engineer be entrusted with the entire responsibility of the road departments, subject to the committee on roads of the board of supervisors. In Appendix No. 2 will be found a

copy of a resolution drawn up by the county engineer and presented at the meeting of the supervisors held in February, regarding the systematizing of the monthly reports from the various road overseers. We are of the opinion that the suggestions contained in the above resolution are excellent and a decided step in the direction of complete records being maintained from which comparative figures would be readily obtainable, thereby securing to the county the fullest information as to the money expended.

Section 199, Act 39, of the Session Laws 1905, provides as follows:

"The county treasurer shall keep all moneys received by him belonging to the territory, or to any other county, in his possession until disbursed according to law. He shall not place the same in the possession of any person for any purpose; nor loan or in any manner use or permit any person to use the same, except as provided by law; but nothing in this section shall preclude him, with the approval of the board, from making special deposits for the safe keeping of public moneys, but he shall be liable therefor on his official bond."

All the county monies have been deposited by the treasurer with the First Bank of Hilo, Ltd. Two warrants for \$140,000 were received by the county from the territorial treasurer in June and December, 1912, in partial settlement of their proportion of taxes and the total amount which was received by the county and which therefore came into the possession of its treasurer for the year 1912 was \$245,623.19.

As the treasurer is making his deposit under the authority of the above cited section of Act 39, Session Laws 1905, and not under the authority of the Depository Act 156 of the Session Laws of 1911, and is liable under his bond, and as his bond of \$30,000 is inadequate looking to the "moneys received by him," as set forth in the previous paragraph.

We recommend:
That the bond furnished by him shall not be less than the amount he shall have in his possession or under his control at any time.

In Appendix No. 3 will be found a suggested form of ruling for a new register of warrants.

Respectfully reported by,
AUDIT COMPANY OF HAWAII,
(Sgd.) Matt. M. Graham, C. A.
Manager.

Honolulu, T. H., Mar. 11, 1913.

HILO RUMORS

(Continued from Page 1.)

tions could have extended over such a comparatively long period of time.

Talk of Big Ring.
Now it would be hard to amaze the usual Hawaii citizen with any kind of a disclosure, but interest is intense, as to how many, and who, will be involved in the later exposures of the methods in vogue in handling the county's money. Prophecies are freely and frequently being made that many of the former and present county officials will be found to have benefited by the defalcations. Some of the taxpayers even go so far as to say that this is the only method by which some of the county officials could ever be ousted from office.

Despite Maguire's signed statement, of the illegal use of funds, there are some of his close friends who declare that he is only the victim of the system of accounting in use, and—perhaps carelessness. "It is impossible that he could have used all that money," County Clerk Kai declared yesterday.

"Maybe the money was spent for some good purposes, but not for county use," was a statement of Assistant County Attorney Hen. "This statement he later qualified, when asked, "What for?" with "I don't know."

What Became of the Money?
"I don't know," is the usual answer of friends to the question, for what was the money used. Some point to the fact that, at times, Maguire was known to be pressed for money and found it necessary to secure loans.

But there are others, and among them those whose suspicions were first aroused that there was a tangle in the auditor's office, who point to the fact that he and his family had always lived extravagantly. There are stories of many hundreds of dollars monthly spent by him for household purposes. Regular expenditures of ten or fifteen dollars for his shirts are said to be only a small item in the money that he has spent, among which is upkeep and purchase of an automobile and other luxuries. In the past, when asked as to how he could live so expensively, it is claimed, he replied that his wife had a regular income and few were particularly suspicious, because his father, the Kona rancher, is known to be wealthy.

There was much comment today that apparently he had not appeared to be under any strain since he signed the statement to the auditors on February 11th, but others who had more than an inkling as to the disclosures apt to be made, maintained that he

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had changed in his actions since. When questioned last week as to his criminal implication in the financial tangle he showed no indignation.

Confidence Felt in Bank.
Confidence in the First Bank of Hilo, involved by the report of the audit company is expressed by everyone here, most of the business men complimenting Cashier Fatten for declining to give information about something considered as private business between the bank and a client, until ordered to do so by a court mandate.

Maguire came to his office at the usual hour this morning, where he was in conference with some of the other county officials. He seems worried and despondent and refused to make any statement regarding his confession. When questioned he referred interviewers to his attorney, having retained Harry Train the first thing this morning.

"Nothing to Say—Now."
"There is nothing to say—now," was Irwin's answer when asked if he had any statement to give out.

From others who are closely associ-

ated with Maguire, it is understood that he will put up a fight if arrested and tried for the defalcations.

T. K. Lalakea, the former county treasurer, for whom a number of unauthorized warrants were drawn, is implicated in the matter only so far as is the bank. Maguire had been accustomed to borrowing money from Lalakea which, it is claimed, he paid back with county warrants.

Lalakea is an old man who speaks little English. He was about town this morning and had a short conversation with Maguire, who shows no uneasiness. He is reputed to be wealthy.

While some of the county officials appear to be nervous, it is hard to determine whether it is the result of the criticism they are undergoing or fear of being implicated.

Worn with a 24-hour vigil at a sick bed, a nurse in one of the San Francisco hospitals fell asleep in an arm-chair before an open fire. Her dress caught fire and she was severely burned before rescued by other nurses.

THE "DISEASE"

FATHER'S NEGLECT
PAUPERIZES CHILDREN

GLENCO, Ala., Jan. 4.—Ella C., aged 13, and May F., age 10, children of the late Mark F. Rorick, were today admitted to the county poor farm. The father's business and personal affairs were in such poor shape at the time of his death, two years ago, that the subsequent costly litigation, etc., ate up all the recoverable assets and resulted in the absolute poverty of the two minor heirs.

THE "REMEDY"

An Executor

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